

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out the title and substituting the following:

'An Act To Cut Taxes on Maine Residents'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'**Sec. 1. 36 MRSA §5111, first ¶**, as amended by PL 1999, c. 731, Pt. T, §1, is further amended to read:

A tax is imposed ~~for each taxable year beginning on or after January 1, 2000~~, on the Maine taxable income of every resident individual of this State. The amount of the tax is determined as provided in this section, except that the rates provided in this section for tax years beginning on or after January 1, 2008 must be adjusted as provided by section 5111-C.

Sec. 2. 36 MRSA §5111-C is enacted to read:

§ 5111-C. Reductions in individual income tax rates

1. Highest rates reduced. For tax years beginning on or after January 1, 2008, the 8.5% tax rate on the top tax brackets contained in section 5111, subsections 1-B, 2-B and 3-B must be adjusted as follows.

A. For tax years beginning in 2008 and 2009, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1.5%.

B. For a tax year beginning in 2010, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1%.

C. For a tax year beginning in 2011 or after, the tax rate is 4.5%.

2. Second-highest rates reduced. For tax years beginning on or after January 1, 2009, the 7% tax rate on the second-highest tax brackets contained in section 5111, subsections 1-B, 2-B and 3-B must be adjusted as follows.

A. For a tax year beginning in 2009, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1.5%.

B. For a tax year beginning in 2010, the tax rate that was applicable in the immediately preceding tax year must be reduced by 1%.

C. For a tax year beginning in 2011 or after, the tax rate is 4.5%.

3. Forms, instructions and tables. The State Tax Assessor shall incorporate the changes arising from this section into the forms, instructions, rate schedules and withholding tables for the appropriate tax years.

Sec. 3. Transfer of funds; Department of Professional and Financial Regulation. Notwithstanding any other provision of law, the State Controller shall transfer \$2,500,000 from various accounts within the Other Special Revenue Funds accounts of the Department of Professional and Financial Regulation to the unappropriated surplus of the General Fund no later than June 30, 2008. Notwithstanding any other provision of law, the State Controller shall transfer \$2,500,000 from various accounts within the Other Special Revenue Funds accounts of the Department of Professional and Financial Regulation to the unappropriated surplus of the General Fund no later than June 30, 2009.

Sec. 4. Transfer of funds; Department of Administrative and Financial Services. Notwithstanding any other provision of law, the State Controller shall transfer \$8,000,000 from the Financial and Personnel Services Fund Internal Service Fund within the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund no later than June 30, 2008. Notwithstanding any other provision of law, the State Controller shall transfer \$8,000,000 from the Financial and Personnel Services Fund Internal Service Fund within the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund no later than June 30, 2009.

Sec. 5. Calculation and transfer; General Fund savings; Department of Health and Human Services. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of departmentwide savings identified in this Act in the Department of Health and Human Services related to the privatization of contract services that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 6. Calculation and transfer; General Fund savings; Department of Health and Human Services. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of departmentwide savings identified in this Act in the Department of Health and Human Services related to the provision of health services that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 7. Calculation and transfer; General Fund savings; Department of Economic and Community Development. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Department of Economic and Community Development related to the departmentwide savings identified in this Act that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 8. Calculation and transfer; General Fund savings; Legislature.

Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Legislature related to the unallocated savings identified in this Act that applies to each applicable General Fund line category in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 9. Calculation and transfer; General Fund savings; Department of Environmental Protection.

Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Department of Environmental Protection related to the departmentwide savings identified in this Act that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 10. Calculation and transfer; General Fund savings; Department of Education.

Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Department of Education related to the departmentwide savings identified in this Act that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 11. Calculation and transfer; General Fund savings; Department of Administrative and Financial Services.

Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Department of Administrative and Financial Services related to the departmentwide savings in public building costs identified in this Act that applies to each applicable General Fund account in the department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 12. Calculation and transfer; General Fund savings; Department of Administrative and Financial Services.

Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in the Department of Administrative and Financial Services related to the departmentwide savings from information technology costs identified in this Act that applies to each applicable General Fund account in the applicable agency or department and shall transfer the amounts by financial order upon the approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2007-08 and fiscal year 2008-09.

Sec. 13. Transfer of funds; Department of Administrative and Financial Services.

Notwithstanding any other provision of law, the State Controller shall transfer \$1,300,000 from the Central Fleet Management program of the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund no later than June 30, 2008. Notwithstanding any other provision of law, the State Controller shall transfer \$1,300,000 from the Central Fleet Management program of the Department of Administrative and Financial Services to the unappropriated surplus of the General Fund no later than June 30, 2009.

Sec. 14. Transfer of funds; Department of Administrative and Financial Services.

Notwithstanding any other provision of law, the State Controller shall transfer \$25,615,728 from the unappropriated surplus of the General Fund to the Maine Budget Stabilization Fund established by the Maine Revised Statutes, Title 5, section 1532 no later than June 30, 2008. Notwithstanding any other provision of law, the State Controller shall transfer \$25,615,728 from the unappropriated surplus of the General Fund to the Retirement Allowance Fund established by Title 5, section 17251 no later than June 30, 2008. Notwithstanding any other provision of law, the State Controller shall transfer \$12,807,864 from the unappropriated surplus of the Reserve for General Fund Operating Capital no later than June 30, 2008.

Sec. 15. Application. This Act applies to tax years beginning on or after January 1, 2008.

Sec. 16. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Central Fleet Management 0703

Initiative: Deallocates funds from Central Fleet Management.

CENTRAL MOTOR POOL	2007-08	2008-09
Unallocated	(\$1,300,000)	(\$1,300,000)
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CENTRAL MOTOR POOL TOTAL	(\$1,300,000)	(\$1,300,000)

Executive Branch Departments and Independent Agencies - Statewide 0017

Initiative: Deappropriates funds in the Executive Branch Departments and Independent Agencies - Statewide program from anticipated savings in information technology.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$7,000,000)	(\$7,000,000)
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GENERAL FUND TOTAL	(\$7,000,000)	(\$7,000,000)

Executive Branch Departments and Independent Agencies - Statewide 0017

Initiative: Deappropriates funds in the Executive Branch Departments and Independent Agencies - Statewide program from anticipated savings in public buildings.

GENERAL FUND	2007-08	2008-09
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Unallocated	(\$28,000,000)	(\$28,000,000)
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GENERAL FUND TOTAL	(\$28,000,000)	(\$28,000,000)

Financial and Personnel Services - Division of 0713

Initiative: Deallocates funds from the Financial and Personnel Services Fund.

FINANCIAL AND PERSONNEL SERVICES FUND	2007-08	2008-09
Unallocated	(\$8,000,000)	(\$8,000,000)
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FINANCIAL AND PERSONNEL SERVICES FUND TOTAL	(\$8,000,000)	(\$8,000,000)

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF DEPARTMENT TOTALS	2007-08	2008-09
GENERAL FUND	(\$35,000,000)	(\$35,000,000)
FINANCIAL AND PERSONNEL SERVICES FUND	(\$8,000,000)	(\$8,000,000)
CENTRAL MOTOR POOL	(\$1,300,000)	(\$1,300,000)
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DEPARTMENT TOTAL - ALL FUNDS	(\$44,300,000)	(\$44,300,000)

ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF

Departmentwide 0019

Initiative: Deappropriates funds from departmentwide activities.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$11,000,000)	(\$11,000,000)
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GENERAL FUND TOTAL	(\$11,000,000)	(\$11,000,000)

ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF DEPARTMENT TOTALS	2007-08	2008-09
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GENERAL FUND	(\$11,000,000)	(\$11,000,000)
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DEPARTMENT TOTAL - ALL FUNDS	(\$11,000,000)	(\$11,000,000)
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EDUCATION, DEPARTMENT OF

Learning Systems 0839

Initiative: Deappropriates funds in the Learning Systems program from anticipated savings in support and learning programs.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$500,000)	(\$500,000)

GENERAL FUND TOTAL	(\$500,000)	(\$500,000)
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**EDUCATION, DEPARTMENT OF
DEPARTMENT TOTALS**

GENERAL FUND	2007-08	2008-09
	(\$500,000)	(\$500,000)

DEPARTMENT TOTAL - ALL FUNDS	(\$500,000)	(\$500,000)
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ENVIRONMENTAL PROTECTION, DEPARTMENT OF

Departmentwide 0019

Initiative: Deappropriates funds from anticipated savings.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$4,800,000)	(\$4,800,000)

GENERAL FUND TOTAL	(\$4,800,000)	(\$4,800,000)
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**ENVIRONMENTAL PROTECTION, DEPARTMENT OF
DEPARTMENT TOTALS**

GENERAL FUND	2007-08	2008-09
	(\$4,800,000)	(\$4,800,000)

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DEPARTMENT TOTAL - ALL FUNDS	(\$4,800,000)	(\$4,800,000)

HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)

Departmentwide 0640

Initiative: Deappropriates funds in the Departmentwide program from anticipated savings resulting from the privatization of contract services.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$66,000,000)	(\$66,000,000)
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GENERAL FUND TOTAL	(\$66,000,000)	(\$66,000,000)

Departmentwide 0640

Initiative: Deappropriates funds from anticipated savings in the provision of health services.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$27,000,000)	(\$27,000,000)
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GENERAL FUND TOTAL	(\$27,000,000)	(\$27,000,000)

**HEALTH AND HUMAN SERVICES, DEPARTMENT OF
 (FORMERLY DHS)
 DEPARTMENT TOTALS**

	2007-08	2008-09
GENERAL FUND	(\$93,000,000)	(\$93,000,000)
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DEPARTMENT TOTAL - ALL FUNDS	(\$93,000,000)	(\$93,000,000)

LEGISLATURE

Legislature 0081

Initiative: Deappropriates funds from anticipated savings in the Legislature program.

GENERAL FUND	2007-08	2008-09
Unallocated	(\$12,000,000)	(\$12,000,000)
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GENERAL FUND TOTAL	(\$12,000,000)	(\$12,000,000)
LEGISLATURE DEPARTMENT TOTALS	2007-08	2008-09
GENERAL FUND	(\$12,000,000)	(\$12,000,000)
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DEPARTMENT TOTAL - ALL FUNDS	(\$12,000,000)	(\$12,000,000)
SECTION TOTALS	2007-08	2008-09
GENERAL FUND	(\$156,300,000)	(\$156,300,000)
FINANCIAL AND PERSONNEL SERVICES FUND	(\$8,000,000)	(\$8,000,000)
CENTRAL MOTOR POOL	(\$1,300,000)	(\$1,300,000)
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SECTION TOTAL - ALL FUNDS	(\$165,600,000)	(\$165,600,000)

SUMMARY

This amendment strikes the bill and instead decreases the top 2 income tax rates over a 3-year period, beginning with tax year 2008, until both rates are 4.5%. These cuts in income tax rates are funded by deappropriations to various state agencies.

FISCAL NOTE REQUIRED
 (See attached)